

Mr. GREGG. Madam President, I believe I am to be recognized for 15 minutes; is that correct?

The ACTING PRESIDENT pro tempore. That is correct.

The Senator from New Hampshire is recognized.

Mr. GREGG. I thank the Chair.

(The remarks of Mr. GREGG pertaining to the introduction of S. 15 are printed in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. GREGG. Madam President, I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Utah.

#### 2003 TAX CUTS

Mr. BENNETT. Madam President, if there is one thing I hear over and over again when I talk to my constituents about where we are in this Congress, it is the request that we get together and work together and that we get something done. There is always some particular issue someone will raise that will have to do with immigration, that will have to do with taxes, that will have to do with Social Security, but underlying all these issues is the refrain: Why can't you people work together? Why can't you get something done? As one constituent put it, almost plaintively: Senator, is there any hope, or are you just going to bicker back and forth between the parties, as you have always done?

Well, this month, there has been a sign of hope that I think we ought to make mention of that demonstrates that, in fact, maybe it is possible for us to work together on some of the more contentious issues. This sign of hope did not necessarily come from the Congress, it was an action that involved Members of Congress and members of the Bush administration, and it has to do with trade.

There are many issues that divide the two parties, but one that has divided us as much as any has been the issue of trade, with the Democrats saying under no circumstances will we approve any more free-trade agreements until we get the kinds of provisions with respect to labor standards that we insist on; and the Republicans have said and Republican administrations have said, those kinds of agreements are deal breakers; if we put those in the trade agreements, we make the trade agreement impossible to enforce. The two sides have yelled at each other over this issue now for years.

Well, this month we have had a breakthrough, and I will quote from the newspaper articles with respect to this, first, from the New York Times and then from the Wall Street Journal. With a May 11 headline "Bush and Democrats in Accord on Labor Rights in Trade Deals," the New York Times said the following:

The Bush administration and House Speaker Pelosi, breaking a partisan impasse that had dragged on for months, reached an

agreement this evening on the rights of workers overseas to join labor unions. Both sides predicted the agreement would clear the way for congressional approval of several pending trade agreements.

This came as happy news to me. I was with the majority leader and a group of Senators when we went to South America, and we heard from the President of Peru that the most significant thing we could do in the United States to maintain good relations with Peru was to approve the Peru Free Trade Agreement. After this conversation, some of the Democratic Senators who were on that trip said to me: BOB, that is going to be very hard. It is going to be very difficult. We are not getting the kind of cooperation we feel we need out of the Bush administration. Well, now they have. It has been worked out.

Again, back to The New York Times:

Negotiations to complete the trade deals have been led by Susan Schwab, United States Trade Representative on the administration side, and by Representative Charles Rangel, the New York Democrat who is Chairman of the Ways and Means Committee on the House side.

Good news. Both sides giving a little and getting something done. Then this paragraph from the New York Times:

Despite the endorsement of Mr. Rangel and Speaker Pelosi, many Democrats say that half or more of the Democrats in Congress may vote against the deal, but the agreement is expected to pass with strong backing among Republicans, whose leaders will urge them to vote with President Bush.

This reminds me of a meeting I had in the White House when Bill Clinton was the President. We were talking about how to deal with trade, and President Clinton said to the Members of Congress who were there: What do we need? The former Senator from New York, Pat Moynihan, sitting next to the President, spoke up and said: Sir, we need more Democrats. The Republicans are fine on this issue, it is the Democrats who are the problem.

Well, we have had that breakthrough on trade. It is encouraging. The Wall Street Journal had this to say about it.

The agreement announced last night by House Speaker Pelosi, Treasury Secretary Henry Paulson, and other top officials and lawmakers clears the hurdle to passage of some small bilateral trade deals, and it could ultimately smooth the way for broader trade measures such as renewing President Bush's soon to expire authority to negotiate trade deals without the threat of congressional amendments as well as a new global trade agreement now being negotiated in the Doha round of world trade talks.

I raise this as a ray of hope and then as the background for a suggestion. I hope the sense of urgency that brought the two sides together on trade can apply to the question of the tax cuts and whether they will be made permanent. I was in New York yesterday with a group of representatives from Wall Street, from the venture capital community and those economists who deal with the question of growth and keeping the economy strong, and was interested to be told the one thing that

would be the most important for them to keep the economy strong and growing was to keep the tax cuts that were enacted in 2003 in the law permanent.

We asked some of those representatives what would happen if the tax cuts were to expire? The reaction we got was: Well, we assume that Congress will, of course, not let them expire because they have worked so well. They have made significant differences with respect to corporate governance and economic growth that, of course, they are going to be extended. Then I pointed out to them that if we stay on the track that was established in the budget bill that was passed, the budget bill that the Senator from New Hampshire talked about, those tax cuts will expire in 2010.

The folks in New York were stunned. How could Congress do this? How could they allow that to expire in the face of the evidence that these tax cuts have been so beneficial? We said: Well, that is the path we are on. That is the glide-path that was set in this budget bill. The budget bill can be trumped by future budgets later on, but if nothing is done and we stay exactly as we are, these tax cuts are certain to expire.

What will be the consequences? Well, we have turned to some experts who will make these kinds of projections and asked that question. We would like to talk about this. I am sure no one can see the detail on the chart, but I will do my best to highlight the visual impact. I will say, in all fairness, as I always say, these are projections, and every projection is wrong. I don't know whether it is wrong on the high side or wrong on the low side, but every projection we ever have about the future, that is specific, is wrong. Nonetheless, I think the basic trend that is shown in these charts is a legitimate trend.

This first one talks about the number of jobs that will be created State by State if the tax cuts are made permanent. Now, don't pay attention to the numbers because you can't see them, look at the bars and let me identify the States that will see significant job growth if the tax cuts are made permanent.

The biggest line is California, followed by Florida, Illinois, New York, Ohio, Pennsylvania, and Texas. It might be interesting to go back to those States and look at how those Senators from those States voted on the budget bill that would have the tax cuts expire. Jobs in California, Florida, Illinois, New York, Ohio, Pennsylvania, and Texas.

Some of those States are complaining about their current economies. They are saying their unemployment rate is too high. Make the tax cuts permanent and you make a significant contribution to creating jobs in those States.

What about economic growth in those States? Let's look at that chart. Basically, they are the same States, but there are some slight changes. Once again, this is the income growth

per State if the tax cuts are made permanent. And the winner, again, clearly, is California, followed by New York and Texas. But Michigan begins to show up, New Jersey begins to show up, along with Florida, Illinois, Ohio, and Pennsylvania. These are States, again, where they are saying: Our economic growth has been anemic, our job growth has been anemic. What can we do?

The answer to what can we do? We can make the tax cuts permanent. Well, no, politically, we don't want to do that. Politically, it makes good rhetoric for us to attack the rich.

One of the things we have to remember as we have these economic debates is the best thing you can do for someone who is poor is to find him a job. The best thing you can do for people who are at the bottom is to have strong economic growth. Who gets hurt the most in a recession? It is the poor. Who loses his job when unemployment goes up? It is the person with the least skills, who can least afford to lose his job.

I remember a hearing in the Joint Economic Committee, when one of my colleagues, in the midst of the boom of the late 1990s, asked Chairman Greenspan: Who has benefitted the most from this boom, expecting the answer to be: Well, it is the people at the top; the people at the top have gotten all the money; the people at the top have benefitted the most from this booming economy are the people at the bottom. The bottom quintile have seen their life change, their lifestyle, their availability to income improve better than anybody else.

We always single out Bill Gates as the richest person in the United States. Did Bill Gates get hurt with the recession? No. His lifestyle didn't change. He didn't lose his house. He wasn't in danger of being late on his mortgage payments because he didn't have any mortgage payments. The growth in the economy did not make that big an impact on his situation. But the people at the bottom, who were unable to get the jobs in the recession that began in 2000; the people at the bottom, who were unable to meet their bills with the recession of 2000; the people at the bottom, whose skills were such that they were the first laid off, they are the ones who have benefitted the most by the expansion that began with the passage of the tax cuts in 2003.

They are the ones who were benefited the most when the unemployment rate fell below 5 percent. It is currently 4.4 percent.

In my home State of Utah, the unemployment rate is 2.3 percent. Who is benefiting the most? It is the people who would otherwise be unemployed if the unemployment rate went back up to 6 percent.

When we look at income growth per State, don't say that only benefits the

fat cats; that only benefits the people at the top. Recognize that the best welfare you can do for anyone is to find them a job. The best life-changing experience you can create for someone is to have a strong economy where that person can work and grow their own savings and get slightly ahead.

Chairman Greenspan was very firm about that, with respect to who benefited the most from the income growth of the 1990s. It is still true today. Who will get hurt if the tax cuts are not made permanent and the jobs represented on these charts do not materialize? It will be the people who lose their jobs.

We, the Congress and the administration, demonstrated that we could get together on the trade deals. It was announced with great gladness that the Democrats who had said "never" and the Republicans who had said "never" were able, finally, to get together and make this thing work. Can't we do that with respect to tax policy? Can't we understand now that the tax policy has worked?

Since the tax cuts were enacted, 8.5 million new jobs have grown up in the United States. More Americans are working today than ever in our history, both in total numbers and as a percentage of the workforce. Can't we celebrate that achievement and say let's keep in place the policies that caused it? Or will we continue to say, no, we can't let anything happen because, for some political reason we want to scare people, we want to use class warfare rhetoric; we want to say, no, this isn't really working, it is an illusion. Ignore the statistics. Ignore the facts.

I think we can work together. I think we should work together. I think the facts are clear. We should endorse them and move ahead in that spirit.

The ACTING PRESIDENT pro tempore. The Senator from Washington State is recognized.

Ms. CANTWELL. Madam President, I ask unanimous consent to speak for 10 minutes in morning business.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

#### ENERGY POLICY

Ms. CANTWELL. Madam President, I am coming to the floor this morning to talk about energy policy. I know the Presiding Officer very much understands the importance of energy policy and has represented a State in a region of the country that has been a key component to the U.S. energy strategy. My own State, Washington State, with our long history, with our hydro system, is starting to become a leader in alternative energy and certainly in renewable energy.

But I rise today to talk about the beginning of the U.S.-China Strategic Economic Dialogue that is an ongoing bilateral forum between the United States and China. I think it will help

lay the foundation for important, productive, and mutually beneficial ties between our two countries.

I appreciate that Treasury Secretary Paulson and Vice Premier Wu are starting that discussion today. I hope energy will be among the issues they talk about.

I am under no illusion that we have big challenges in working with China and particularly in embracing a concept I believe is very strategic to how the United States operates in a global economy, that is "coopetition"—you look at those with whom you are competing and also look for ways in which you can cooperate and have strategic benefits by working together. I think that "coopetition" is exactly the policy we ought to embrace with China as it relates to energy, and it is very important we use this Strategic Economic Dialogue to move forward on that issue.

I know they are going to talk about lots of different issues. It is not as if Washington State agrees with China on all issues. I know the currency issue will be part of the discussion. I know there are intellectual property rights and agricultural issues, there are restrictions on Washington products, and many things that will be discussed as part of a larger economic dialogue. But I think it is important to understand the Washington State experience. If you juxtapose our experience to that of the United States, and the U.S. trade imbalance with China, I venture to say Washington State almost has a trade surplus with China. That is, if you look at various aspects of our economic numbers, Washington State and China have been good trading partners.

Back last year, China was the largest export market for Washington State. We sent \$6.8 billion in exports to China. Approximately two-thirds of Washington State's agricultural exports went to Asia and 17 percent to China: apples, potatoes, cherries, and a variety of other products. And Washington State companies have been aggressive at pursuing opportunities in China for a long time. I don't know if it is the proximity of our State to China and the fact that we both look to the Pacific, I don't know if it is the large Chinese-American population that resides in the State, or just the long cultural history on which we continue to build. But Washington State companies have been aggressively pursuing opportunities in China for years.

In fact, Boeing signed its first contract with the Chinese Government for 10 707 jetliners in 1972, shortly after President Nixon made his first visit there. It is amazing that today 60 percent of China's commercial aircraft are Boeing planes.

That relationship has grown over a long period of time, and we have benefited. In fact, in 2006 China purchased \$7.7 billion dollars' worth of Boeing planes. That represents about 112 orders from different Chinese airlines.